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Portugal

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Report Highlights:

In 2007, Portugal's agriculture, fish and forest product imports from the United States were valued at \$354 million, up 4 percent from 2006. Fish and seafood, tree nuts and other consumer-oriented products offer the best U.S. export opportunities in Portugal. This report provides guidance to U.S. companies interested in exporting high-value consumer-ready food products to Portugal and includes an overview of the country's economic situation, market structure, and export requirements.

Includes PSD Changes: No
Includes Trade Matrix: No
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Madrid [SP1]
[PO]

INDEX

SECTION I. PORTUGAL MARKET OVERVIEW.....	3
PORTUGAL ECONOMIC TRENDS	3
ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN PORTUGAL	5
SECTION II. EXPORTER BUSINESS TIPS	7
Local Business Customs	7
General Consumer Tastes and Preferences	7
Food Standards and Regulations.....	7
General Import and Inspection Procedures	7
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS	9
Food Retail Sector	9
HRI Sector	10
Food Processing Sector.....	11
SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS.....	11
SECTION V. KEY CONTACTS AND FURTHER INFORMATION	12
PORTUGAL	12
APPENDIX I. STATISTICS.....	14
Portugal's Key Trade and Demographic Information	14
Portugal's Food Imports.....	15
Portugal's Top 15 Food Suppliers	16

SECTION I. PORTUGAL MARKET OVERVIEW

PORTUGAL ECONOMIC TRENDS

	2004	2005	2006	2007	2008*	2009**
ECONOMIC TRENDS						
Inflation (%)	2.4	2.3	3.1	2.5	2.4	2.6
Unemployment (%)	6.7	7.6	7.7	7.7	8.0	8.5
GDP at Market Prices (%)	1.1	0.4	0.8	1.0	1.1	1.1
GDP per Capita (USD\$)	18,067	17,947	18,465	18,900	19,300	19,500
AGRICULTURAL PRODUCTS IMPORTS (\$ Million) (1)						
Total Agricultural, Fish and Forestry Products	7,467	7,506	8,176	10,451	10,500	10,800
Total U.S. Agricultural, Fish and Forestry Products	289	291	245	354	400	450
Total Food Products	6,558	7,037	7,619	9,571	9,700	9,800
Total U.S. Food Products	234	236	190	274	300	350
Total Fish and Seafood Products	1,183	1,322	1,504	1,833	2,000	2,100
Total U.S. Fish and Seafood Products	41	52	69	98	100	100
RETAIL SECTOR (2)						
No. of Retail Stores	24,918	23,656	23,161	22,500	22,600	22,600
Total Retail Sales (\$ Million)	13,017	13,720	14,289	14,300	14,500	14,500
Retail Sales Share by Type of Store (%)						
Hypermarkets	32.6	32.0	31.5	31	32	32
Supermarkets	51.5	52.5	54.0	55	56	56
Self-Service	7.3	7.6	7.5	7	7	7
Food Shops	0.6	0.5	0.5	0.5	0	0
Grocery Stores	8.0	7.2	6.7	6.5	6	6

(1) GTA

(2) Sector Magazines

(*) Estimates

(**) Forecast

For U.S. firms, Portugal's emergence as a full partner in Europe has meant a stable location open to foreign investment and an increasingly attractive market for exports. Portugal is an independent European market of ten million people that is somewhat under-served by U.S. suppliers and exporters because it is not one of the large European countries. Though not among the leading markets for U.S. agricultural products and despite the fact that Portugal does not rank at the top of the lists of new markets to explore, U.S. exporters should not ignore the Portuguese market.

In Portugal, modern sales techniques still coexist with some traditional practices. Modern sales techniques are generally accepted and effective but traditional values continue to be respected. Many businessmen still consider personal contact and a handshake stronger than a contract, but they will not be offended if a formal contract is requested. Most sales channels cover the entire territory so multiple distributors are generally not necessary. Distribution centers tend to be located in Lisbon in the south and Porto in the north. However, many large importers and wholesalers have branch sales offices and/or sub-agents

or dealers in the principal cities and towns, including those of the Portuguese islands of Madeira and the Azores.

As a fully integrated member of the EU, Portugal abides by the rules and regulations governing the EU. If an American exporter is already exporting to any other EU country, then more than likely the exporter already meets most of the requirements for exporting to Portugal. To expedite marketing, U.S. exporters must contact Portuguese importers and/or distributors. The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. exporters access the Portuguese market. Please contact us at:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-915872555
Fax: 34-915872556
Email: Aglberia@usda.gov
<http://www.embusa.es/>

American Embassy, Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

Market opportunities for U.S. tree nuts, seafood products, high-value consumer foods exist in Portugal. Below are key points regarding the market:

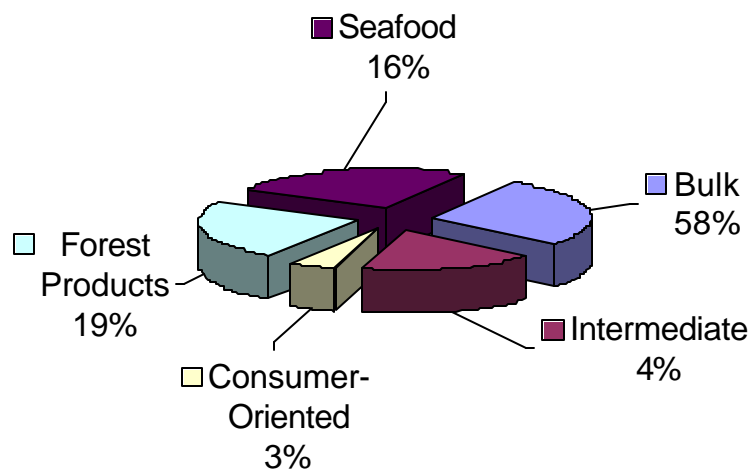
- Portuguese purchasing habits have changed in the last couple of decades: Portuguese super and hypermarket chains as well as European multinational chains like Carrefour, Auchan, Intermarche, El Corte Ingles are developing rapidly.
- Portuguese consumers are willing to pay a higher price if the product invokes health, convenience, etc. benefits. The decisive selling factors are:
 - Price versus quality relationship (70 percent);
 - Be health beneficial (53 percent); and
 - More "natural" (44 percent)

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN PORTUGAL

Advantages	Challenges
Portugal is a net importer of food and agricultural products.	Importers still have limited knowledge regarding the quality and supplies of U.S. food and agricultural products.
Domestic distribution systems are efficient.	High marketing costs (advertising, discounts, etc.) are necessary.
Food products in the market are becoming more diversified.	Competition from neighboring EU countries is fierce.
Overall sales of consumer-ready food products have increased substantially in the last years.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Access the Portuguese market through multinational chain like Carrefour, Auchan and El Corte Ingles	Supermarkets and hypermarkets shelf space is extremely expensive.
Consumers are more health conscious, and tastes are becoming more sophisticated.	U.S. suppliers, determined to maintain market share, may need to conduct annual promotion activities.
Greater disposable income and an impulse to buy make Portugal an attractive market.	Importers prefer to take delivery on short notice to avoid storage charges.

Portugal Market for U.S. Agricultural Products

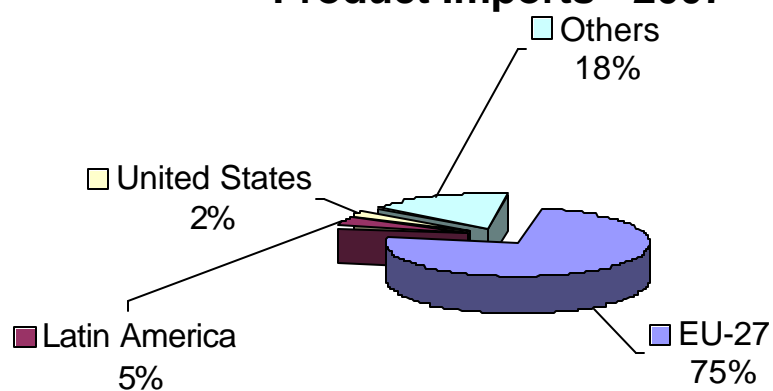
U.S. Exports to Portugal During 2007 For Portugal's \$10 Billion Market



SOURCE: BICO

Competition for Portugal Market for Imported Agricultural Products

Portugal's \$10 Billion Agricultural Product Imports - 2007



SOURCE: Global Trade Atlas

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs

Success in introducing your product in the Portugal market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise.

While modern sales techniques are becoming more prevalent, many business people still prefer personal contact as a way of doing business rather than just via email, fax or phone. English is a widely spoken second language in Portugal, and U.S. exporters can expect to conduct their meetings with contacts in English.

Large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, with main offices concentrated in Porto and Lisbon. Typically, food products are imported by an importer, broker and/or a distributor.

General Consumer Tastes and Preferences

The traditional Portugal diet is the co-called “Mediterranean Diet”, which is based on seafood, meat, vegetables, salads, fresh fruits, olive oil and wine, is being challenged. As consumers have less time for food preparation, the Portugal market is increasingly characterized by a trend towards more novelties and specialties, less basic foodstuffs, more “natural” and delicatessen foods, more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high quality and attractive packaging. Influenced by constant advertising in the daily and weekly press and TV, consumers tend to follow fashionable trends, use new products and adopt new consumption habits. Increasing travel abroad by Portuguese, as well as a growing influx of foreign tourists into Portugal, is also increasing demand for new products and an interest in ethnic foods, in particular. In addition, Portugal consumers are health conscious about food. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Food Standards and Regulations

For more information on food standards and regulations (FAIRS) and the certificates required to export to Portugal, please consult the latest reports at <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>. Also, please check the U.S. Mission to the European Union Web page at <http://www.useu.be/agri/expguide.html>, which may also have information to guide you on exporting into the EU.

Portugal Market Access Reports

We have also developed Portugal Market Access reports for fishery products, tree nuts products and pulses products, which can be found at the following address: <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>

General Import and Inspection Procedures

Portugal uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation

treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.

The local importer is the first responsible to the Portuguese Government of imported food products when they enter Portuguese territories. Therefore, the Portuguese agent/importer should guide you through the whole process to market your product in Portugal.

The following documents are required for ocean or air cargo shipments of food products to Portugal:

Bill of Lading and/or Airway Bill

Commercial Invoice

Phytosanitary Certificate and/or Health Certificate when applicable

Import Certificate

Most food products require an Import Certificate issued by the competent Portuguese authority. However, the Import Certificate is obtained by the Portuguese importer and/or the agent involved in the business and is intended for tariff classification purposes.

Please keep in mind that if the product you are exporting into Portugal does not comply with EU harmonized regulations, Portuguese customs or health authorities may not allow entry of the product.

For more information on import and inspection procedures in Portugal, please see [Food Standards and Regulations](#) within this report.

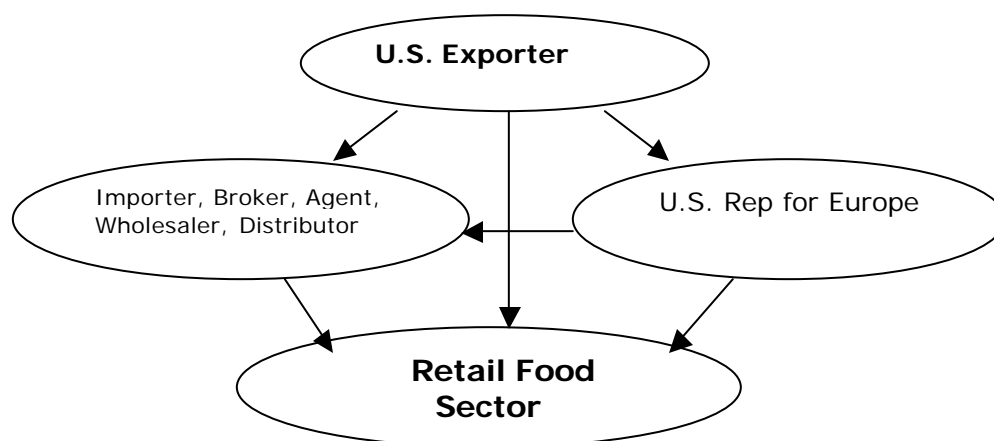
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Portugal retail food market is diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade.

- In Portugal, hyper and supermarkets account for 60 percent of total food sales.
- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the first suppliers of imported consumer-ready products, including seafood.

Market Structure:



For more information on the Portugal Retail Food Sector, please consult <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp> for the latest retail sector reports for Portugal.

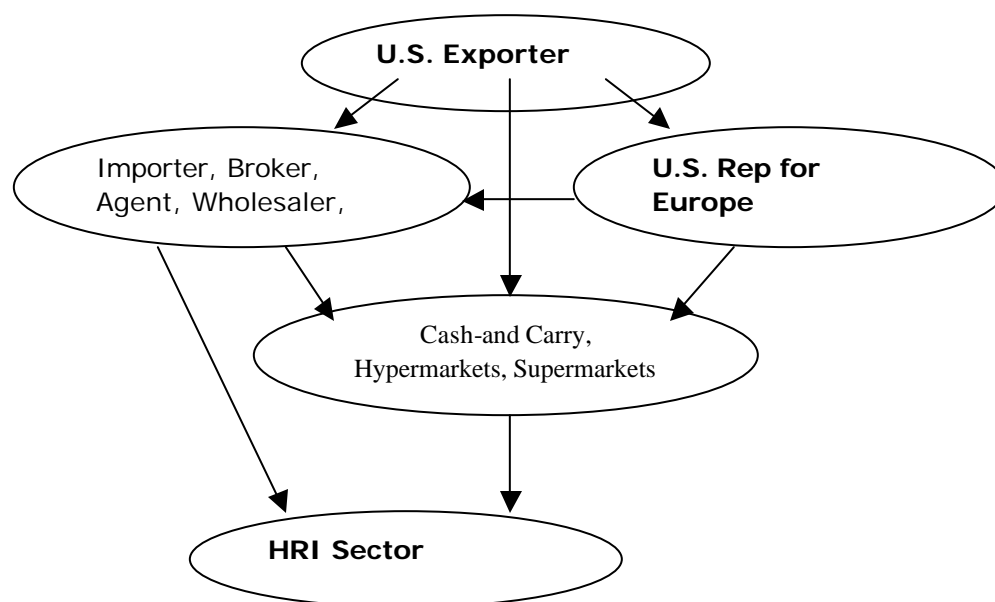
HRI Sector

The HRI sector expanded significantly during the mid 80's and 90's and into 2006, as a result of the profound social and economic changes unleashed upon Portugal's accession to the European Union (EU) in 1986. The expansion is not yet complete, nor has it slowed much over the years, so we expect that the sector will be of growing interest to some U.S. exporters.

Synopsis of the HRI sector:

- Portugal is becoming one of the top tourism destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector;
- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing; and,
- Consumption of ready-to-eat/take away food continues to grow as consumers substitute home-cooked for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away food, ranging from barbecue to more traditional meals.

Market Structure:



For more information on the Portugal HRI Sector, please consult the HRI sector report for Portugal at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

Food Processing Sector

The Portugal food-processing sector has modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, the Portugal food-processing sector began a profound modernization in order to adapt to new EU requirements. Portugal now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food-ingredient exporters.

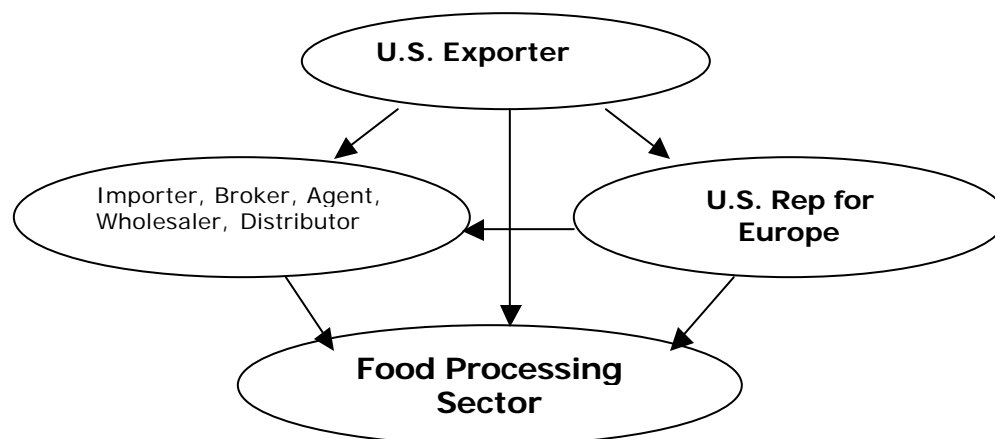
The Portugal food-processing sector in summary:

- Modern, with special attention to the quality, safety, and traceability of the food products it produces.

In Portugal the food-processing sector:

- Generates about 16 percent of Portugal's total industrial production, accounting for about nine percent of the national gross domestic product and providing an estimated 110,000 jobs;
- Is dominated by even smaller companies—only 11 percent of the 8,500 food processors employ more than 20 people, accounting for about 2/3 of the sector manpower and about 85 percent of the € 12.5 billion in product produced. Just over €1 billion of the final product is exported.

Market Structure:



For more information on the Portugal food processing sector, please consult the food processing sector report for Portugal at <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Tree Nuts
 Fish and Seafood, fresh and frozen
 Forest Products
 Pulses

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-91 587 2555
Fax: 34-91 587 2556
Email: Aglberia@usda.gov
<http://www.embusa.es/>

American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain

Please consult our home page for more information on exporting U.S. food products to Portugal. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

PORTUGAL

Trade Associations

APED-Associação Portuguesa de Empresas de Distribuição
(Portuguese Association of Distribution Companies)

Campo Grande, 285-5º
1700-096 Lisboa
Tel: 351-21-751-0920
Fax: 351-21-757-1952
www.aped.pt

ARESP-Associação da Restauração e Similares de Portugal
(Portuguese Associations for HRIs Sector)

Av. Duque d'Avila, 75
1000 Lisboa
Tel. 351-21-352-7060
Fax: 351-21-354-9428
Email: aresp@aresp.pt
www.aresp.pt

FIPA-Federação das Indústrias Portuguesas Agro-Alimentares
(Federation of the Agro-Food Portuguese Industries)

Av. António José de Almeida, 7-2º
1000-042 Lisboa
Tel: 351-21-793-8679
Fax: 351-21-793-8537
Email: info@fipa.pt
www.fipa.pt

Government Agencies

Direcção Geral de Fiscalização e Controlo da Qualidade Alimentar
(General Directorate for Control of Food Quality)

Av. Conde Valbom, 96

1050 LISBOA

Tel. 351-21-798-3600

Fax: 351-21-798-3834

Email: geral@min-agricultura.pt

<http://portal.min-agricultura.pt>

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)

Rua da Alfandega, No. 5 r/c

1149-006 Lisboa

Tel. 351-218813700

Fax: 351-218813990

Email: dgaiec@dgaiec.min-financas.pt

www.dgaiec.min-financas.pt

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)

Direcção de Serviços do Licenciamentos **(Import Certificates)**

R. Terreiro do Trigo

Edif. Alfândega

1149-060 Lisboa

Tel. 351-218814262

Fax 351-218814261

Email: dsl@dgaiec.min-financas.pt

www.dgaiec.min-financas.pt

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov

APPENDIX I. STATISTICS**Portugal's Key Trade and Demographic Information**

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) ⁽¹⁾ - 2007	\$7,823/2%
Consumer Food Imports From All Countries(\$Mil)/U.S. Market Share (%) ⁽¹⁾ 2007	\$9,571/3%
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) ⁽¹⁾ - 2007	\$408/7%
Total Population (Millions) / Annual Growth Rate (%) - 2007	10.6/0.3%
Urban Population (Millions) / Annual Growth Rate (%) – 2007	5.8/0.5%
Number of Major Metropolitan Areas	2
Per Capita Gross Domestic Product (PPP) - 2007	\$21,700
Unemployment Rate (%) - 2007	7.7%
Per Capita Food Expenditures (Euros) - 2007	€1,300
Percent of Female Population Employed - 2007	51%
Exchange Rate (US\$1 = 1 Euro) - September 2007	€0.68

(1) Source: Global Trade Atlas

Portugal's Food Imports

Portugal Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share %		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,318	3,686	4,665	13	13	13	0.38	0.37	0.29
Snack Foods (Excl. Nuts)	286	301	363	0	0	0	0.0	0.0	0.0
Breakfast Cereals & Pancake Mix	78	81	95	0	0	0	0.0	0.0	0.0
Red Meats Fresh/Chilled/Frozen	563	712	856	0	0	0	0.0	0.0	0.0
Red Meats Prepared/Preserved	113	126	155	0	0	0	0.0	0.0	0.0
Poultry Meat	48	53	79	0	0	0	0.0	0.0	0.0
Dairy Products (Excl. Cheese)	345	367	488	0	0	0	0.0	0.0	0.0
Cheese	114	132	172	0	0	0	0.0	0.0	0.0
Eggs & Products	17	18	32	0	0	0	0.0	0.0	0.0
Fresh Fruit	441	407	514	0	0	0	0.0	0.0	0.0
Fresh Vegetables	162	203	272	0	0	0	0.0	0.0	0.0
Processed Fruit & Vegetables	215	230	302	0	0	0	0.0	0.0	0.0
Fruit & Vegetable Juices	44	54	75	0	0	0	0.0	0.0	0.0
Tree Nuts	35	35	37	6	6	5	15.82	17.69	14.23
Wine & Beer	124	112	141	0	0	0	0.0	0.0	0.0
Nursery Products & Cut Flowers	71	73	92	0	0	0	0.0	0.0	0.0
Pet Foods (Dog & Cat Food)	89	103	120	1	1	1	1.60	1.19	0.82
Other Consumer-Oriented Products	572	677	870	4	4	5	0.69	0.65	0.53
FISH & SEAFOOD PRODUCTS	1,322	1,504	1,833	52	69	98	3.97	2.84	2.61
Salmon	24	30	31	0	1	1	0.0	2.43	3.01
Surimi	13	18	21	2	2	2	12.01	13.34	8.97
Crustaceans	164	178	200	0	0	0	0.0	0.0	0.0
Groundfish & Flatfish	602	706	874	50	60	93	8.35	8.50	10.66
Molluscs	133	151	182	0	0	0	0.0	0.0	0.0
Other Fishery Products	389	421	525	0	5	2	0.0	1.27	0.35
AGRICULTURAL PRODUCTS TOTAL	5,607	6,079	7,823	181	119	180	3.23	1.96	2.30
AGRICULTURAL, FISH & FORESTRY TOTAL	7,506	8,175	10,451	292	245	354	3.89	3.0	3.39

Source: GTA

Portugal's Top 15 Food Suppliers

CONSUMER-ORIENTED AGRICULTURAL TOTAL IMPORTS			
(\$1000)	2005	2006	2007
Spain	1,656,635	1,899,681	2,390,822
France	390,947	449,096	584,829
Germany	344,151	370,369	422,789
Netherlands	219,333	254,867	335,115
Belgium	99,879	120,283	149,465
Italy	109,829	112,219	147,530
Brazil	64,165	72,975	81,622
Ireland	33,108	57,976	76,635
United Kingdom	52,370	49,764	71,957
Denmark	40,094	45,336	65,139
Costa Rica	35,361	42,065	59,825
Argentina	20,324	20,152	25,895
Switzerland	24,006	10,404	24,943
Colombia	42,375	13,797	22,302
South Africa	15,365	12,211	20,312
Other	1,703	1,899,681	2,390,822
World	3,318,282	3,686,031	4,665,344

Source: GTA

FISH & SEAFOOD PRODUCTS IMPORTS			
(\$1000)	2005	2006	2007
Spain	545,300	653,857	809,423
Sweden	91,113	55,525	157,941
Netherlands	68,885	90,264	126,978
United States	80,019	68,676	97,681
Russia	52,297	118,308	94,868
Norway	52,470	57,862	58,025
France	82,033	42,638	47,930
Iceland	52,488	28,150	45,730
Denmark	22,653	85,935	40,912
China	37,417	29,285	33,185
South Africa	22,096	24,004	28,231
Greece	25,427	15,250	25,072
India	23,524	20,036	24,747
Germany	15,172	19,253	23,036
Mozambique	16,358	23,317	20,780
Other	135,015	171,625	199,012
World	1,322,267	1,503,985	1,833,551